GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2777
ANSWERED ON:13.03.2000
NIDHI COMPANIES
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Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

(a) the number of proposals for setting up of Nidhi Companies (non-banking financial companies) approved by the Government so far, State-wise;

(b) the number of such proposals still pending with the Government, State-wise;

(c) the time by which these proposals are likely to be approved;

(d) whether the Government propose to modify the guidelines for approval of such companies;

(e) if so, the details thereof; and

(f) if not, the reasons therefor?

Answer

MINISTER OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RAM JETHMALANI)

(a) to (f) A statement is annexed.

STATEMENT REFERRED TO IN THE ANSWER TO LOK SABHA UNSTARRED QUESTION NO. 2777 FOR 13.03.2000.

(a) The Government had so far approved 192 companies as Nidhi companies as detailed below: -

Tamilnadu	: 136
U.P.	: 17
Andhra Pradesh	: 14
Karnataka	: 10
Kerala	: 9
Maharashtra	: 1
Delhi	: 3
Pondicherry	: 2
Total	= 192

out of these 192 companies, 2 companies which were working in the state of U.P. were denotified in the year 1999.

(b) As on 31.01.2000, 89 applications were pending for want of report from Reserve Bank of India and auditors` certificate. In February Reserve Bank of India had been reminded.

Tamil Nadu	: 78
Andhra Pradesh	: 4
Kerala	: 2
Uttar Pradesh	: 2
Karnataka	: 1
Punjab	: 1
Pondicherry	: 1
Total	= 89

(c) to (f) : The applications received under Section 620A of the Act are to be processed in the light of guidelines issued from time to time. The Department of Company Affairs has framed new guidelines in consultation with Reserve Bank of India to improve the working of Nidhi companies and a Notification was issued in this regard on 01.11.1999. Before declaration as Nidhis these companies were non-banking financial companies and had to comply with the directions of Reserve Bank of India. Most of these companies have violated the directions of Reserve Bank of India in respect of acceptance of deposits and liquidity ratio. The Reserve Bank of India is conducting inspection of all these companies individually to find out the eligibility of these companies for Nidhi status. On receipt of Reserve Bank of India`s report in respect of each case, the applications of these companies would be processed. The modified guidelines notified on 01.11.1999, inter alia, empowers the Government to appoint Special Officer to monitor the affairs of a company in case of default in making refund of deposits to more than ten depositors, to conduct special audit by the auditors appointed by the Government, to ensure that a Nidhi company maintains a contingent fund by transferring half per cent of each deposit to such fund and to keep the entire amount in the contingent fund in any nationalised bank, and prohibits a person to hold a post of director in a Nidhi for a continuous period of more than 10 years provided that such director shall be eligible for reappointment after a period of two years of ceasing to hold the post of director, etc.